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C O N F I D E N T I A L SECTION 01 OF 03 LAGOS 000138

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STATE PASS NSC FOR BOBBY PITTMAN

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SUBJECT: NIGERIA: DELTA STATE DEVELOPMENT PROGRAM CLAIMS
CREATION OF 6,000 JOBS

REF: LAGOS 066

Classified By: Consul General Donna M. Blair for Reasons 1.4 (B,D)

¶1. (C) Summary: Gary Akpobire, Director of the Delta State Integrated Development Agency (DIDA) told Pol-Econ Chief on February 17 that Delta State's development plans are proceeding apace. The state plans four new gas-fired power plants to drive industry, but Akpobire seemed unaware of problems resulting from gas shortages occasioned by the low domestic price paid for gas. Delta State has signed investment agreements with Abu Dhabi and with the China Investment and Trade Commission (CITIC). Delta State is also in the process of recruiting 5,000 new teachers; the state's teachers have been paid on time for the last eight years, and work consistently without striking, the Majority Leader said. Delta is improving health care to citizens by providing free maternity care and eye treatments, and upgrading clinics. Akpobire claimed that the Delta State Oil-Producing Areas Commission (DESOPADEC), which pioneered the concept of modular refineries for the State, is unable to manage the refineries once constructed, further evidence of a power struggle over control of the refineries. To streamline dispute resolution, the State will establish an alternative dispute resolution system in the courts, and set up a system for handling community clashes over land. Concerned about the impact of oil and gas spills on the health of the population, the State Assembly is looking into the issue. While Akpobire's plans to upgrade systems are commendable, most appear still to be on the drawing boards as the State looks for investors or other partners. One industry with both a ready-made domestic market for its product and almost unlimited capacity to provide for its own power needs is the refining industry. Chief Okirika originated the idea of building modular refineries in Delta State (Ref) but the State Government has tried mightily to take ownership of the concept. Hopefully, the arm-wrestling will not strangle the development of this potentially important project. End Summary.

¶2. (SBU) Gary Akpobire, Director of the Delta State Integrated Development Agency (DIDA), Paul Owumi, Assistant to Delta State Governor Emmanuel Uduaghan, Mrs. Irene Imilar, Majority Leader, Delta State House of Assembly; and Princess Pat Ajudua, Minority Leader, Delta State House of Assembly, met with Pol-Econ Chief on February 17 to describe development underway in Delta State.

Development Plan Contingent on Power Generation

13. (SBU) Development of infrastructure projects in Delta State, pursuant to the Delta State Master Plan which Akpobire has shepherded over the past two years, is underway. The state is clearing sites for four power plans; these will be gas powered, and constructed under partnership with the international oil companies (IOCs) (Note: Akpobire did not say whether the IOCs had agreed to the plan. End Note). Delta State, like Rivers, already has in place a gas infrastructure, which it plans to expand, that will bring gas to the plants. Ten thousand mw plants are planned for Asaba and Warri, while smaller 2,500 mw plants are planned to drive industry and serve offgrid areas of the state. Asked about the availability of gas at the current price, Akpobire shrugged off the question, saying "Delta State is the source of Nigeria's gas." Investors had expressed interest in purchasing the power, Akpobire said, which will allow the state to establish a manufacturing base, and guarantee sufficient electricity to power water purification, telecommunications and internet technology, and waste management systems. The Ports of Dubai and Singapore have both expressed interest in helping Delta develop its deep sea port. The Warri airport will be expanded, and the State hopes to see it become a hub between Argentina, Brazil and Russia.

Abu Dhabi Signs Investment Agreement

14. (SBU) The State has signed two investment agreements, one
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with Abu Dhabi, and the second, worth 1.4 billion naira, with the China Investment and Trade Corporation (CITIC). Pan Ocean, an indigenous oil company, is planning to build a gas treatment plant that will "dry" the wet gas produced in the area. Gazprom is also interested in the state's gas. Bratts is preparing to construct a shopping mall, and the state is making plans to assure that there are 15,000 rentable rooms available. The assets of Panalpina, an oil services firm that left Nigeria in the wake of a corruption scandal, has been sold to a consortium; the consortium will re-open the business near the port of Warri.

State Recruits 5,000 Teachers

15. (SBU) To improve education in the state, Delta is recruiting 5,000 new teachers. The state has placed application forms in all the banks, so it will be easy for potential applicants to access them. Over the past year, the state has recruited professionals to train in welding for pipeline repair, dredging, construction and software engineering. The state's Ministry of Education has also been revamped. The Ministry has been split in two, with one half devoted to higher education and the second to lower education. The higher education focuses on the university and the polytechnic institutes to ensure that graduating youths reach a certain level of proficiency. For lower levels of education, a uniform standard has been adopted so that the State can assure that the quality of education in the riverine communities is the same as in Asaba, the State capital. Teachers are all getting training, and receiving standard textbooks from which to teach. The State Commissioner of Education has been recruited from the UK, and a former University of Lagos professor has been recruited to oversee the State's higher education. According to Majority Leader Imilar, teachers have been paid promptly at the end of each month for the past eight years, which has assured that Delta State teachers have not had to go out on strike.

State Improves Health Care Delivery

16. (SBU) The state is providing free maternity care, and free

eye care to citizens. The state has upgraded health centers, which are now all staffed by doctors. Delta State has the highest HIV prevalence in the country, so the Majority and Minority leaders have cooperated on a bill that will educate and sensitize the public to the problems of HIV-AIDS, and make treatment available at both the state and local levels of government. The state is increasing the number of specialty hospitals in the state. There will be a teaching hospital specializing in heart and respiratory medicine at Ogara. A second specialty hospital will be built in Asaba, to supplement the services being provided by the existing Baptist hospital, located near the center of the state, and the old Warri hospital.

State Taking DESOPADEC's Modular Refineries?

17. (C) Delta State Oil Producing Areas Development Committee (DESOPADEC) Chair Chief Wellington Okirika is currently in the United States to inspect a modular refinery that he wants to have installed, Akpobire said. However, DESOPADEC does not have the ability to operate the refinery, Akpobire alleged. As a result, the two women legislative leaders will travel to the United States to see the Ventech and other modular refineries. (Comment: Both the Majority and Minority leaders are Itsekiri, as is Delta State Governor Uduaghan, while Chief Okirika is Ijaw. There are indications that the Governor has been holding up DESOPADEC's progress on the refineries, an idea initiated by Chief Okirika. That this Itsekiri delegation is traveling to the United States independently of Chief Okirika appears to be further evidence of a power struggle over control of the modular refineries. End Comment)

Dispute Process Will Reduce Clashes Over Land

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18. (SBU) The state has had four or five clashes between communities over land during Akpobire's tenure. These clashes are essentially boundary and border disputes, which tend to be over extremely small plots of land, and to begin when the planting season begins in the spring. From studying these disputes, Akpobire is convinced that if poverty is alleviated, communal clashes of this type will be fewer and fewer. However, to handle those disputes that do arise, the State plans to commence a land dispute resolution process through which a land security officer will mediate disputes. This program will roll out during the second half of this year, Akpobire said. To speed resolution of other civil disputes, the Majority Leader has sponsored a bill promoting Alternative Dispute Resolution (ADR) as an adjunct to the court system, she said.

Study of Oil Spill Effect on Health Underway

19. (SBU) The State is concerned about the impact of oil and gas spills on the health of the communities, Akpobire said. The State Assembly's Chair of the Oil and Gas Committee has begun looking into this issue. While the State has done studies on the impact of the spills on economic activity, such as reduction in fish stocks, the health aspects of spills have not yet been studied. Akpobire said he had heard of cancers and eye problems, the latter the result of gas flaring. Once the data is collected, the State will use it in an effort to end flaring and clean up the land.

110. (C) Comment: While Akpobire's plans to upgrade systems are commendable, most appear still to be on the drawing boards as the State looks for investors and other partners. One industry with both a ready-made domestic market for its product and almost unlimited capacity to provide for its own power needs is the refining industry. Chief Okirika originated the idea of building modular refineries in Delta

State (Ref) but the State Government has tried mightily to take ownership of the concept. Hopefully, the arm-wrestling will not strangle the development of this potentially important project.

BLAIR